

Message Text

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ACTION XMB-07

INFO OCT-01 ARA-16 ISO-00 EB-11 L-03 CIAE-00 INR-10

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FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 5706

C O N F I D E N T I A L SAN JOSE 4321

E.O. 11652: GDS

TAGS: BPRO, CS

SUBJECT: FCIA CREDIT INSURANCE: REQUEST FOR SALE OF PRINTING
PRESS TO EXCELSIOR DE COSTA RICA

REF: (A) STATE 236962

(B) SAN JOSE 4153

(C) SAN JOSE A-206, NOVEMBER 6, 1973

1. IN RESPONSE TO REFERENCE A, EMBASSY PERCEIVES NO RPT NO OBJECTION. AS EXIMBANK MAY BE AWARE, THE EXCELSIOR PROJECT WAS CONCEIVED TO GIVE COSTA RICA'S LARGEST POLITICAL PARTY, THE PLN, A STRONG MOUTHPIECE IN SAN JOSE. SAN JOSE'S NEWSPAPER MARKET IS CHARACTERIZED BY A PROLIFERATION OF DAILIES, MOSTLY WITH AN ANTI-PLN BIAS. BY FAR THE STRONGEST DAILY NOW IN CIRCULATION IS LA NACION, A CONSTANT THORN IN THE SIDE OF THE PRESENT (PLN) GOVERNMENT. EXCELSIOR BASICALLY WAS CONCEIVED AS LA NACION'S COMPETITOR AFTER AN ABORTIVE ATTEMPT LAST YEAR BY PLN INSIDERS TO SECURE MAJORITY OWNERSHIP OF LA NACION'S STOCK.

2. EXCELSIOR IS BEHIND SCHEDULE IN GETTING ONT THE STREETS. THE MAJOR PROBLEM INVOLVED THE CONDITION OF THE ORIGINAL SECOND-HAND PRESS ORDERED FROM MEXICO (THIS APPARENTLY LED TO THE PURCHASE WHICH IS THE SUBJECT OF REFERENCE A). OTHER PROBLEMS INCLUDE BUILDING A NEWSPAPER TEAM FROM THE GROUND UP. LATEST PROJECTION IS THAT THE NEW NEWS-PAPER WILL BE IN PUBLICATION SOMETIME IN THE SPRING OF 1974. ONCE ONSTREAM, EXCELSIOR WILL PROBABLY BE
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ASSURED OF A FAIRLY SUBSTANTIAL BASIC READERSHIP FROM

PLN MEMBERS, BUT IT WILL STILL FIND TOUGH COMPETITION FROM LA NACION AND THE MANY WEAKER DAILIES. THUS, ITS POSITION AS A MONEymaking ENTERPRISE IS BY NO MEANS ASSURED.

3. THE PROPOSED GUARANTORS MENTIONED IN REFERENCE A, INCLUDING, PREEMINELTY, PRESIDENT FIGUERES, ARE OF COURSE ALL IMPORTANT IN THE PLN PARTY AND INFLUENTIAL LEADERS IN COSTA RICA. DR. BURSTIN, A MEDICAL DOCTOR, HAS BEEN NAMED PUBLISHER OF EXCELSIOR. IT SHOULD BE BORNE IN MIND, HOWEVER, AS POINTED OUT IN REFERENCE C, THAT WE BELIEVE ROBERT VESCO IS FINANCIALLY INVOLVED IN THE PROJECT, PERHAPS HAVING INVESTED CLOSE TO \$1 MILLION IN THE ENTERPRISE.

4. NORMALLY, HEAVY INVESTMENT BY VESCO IN A PROJECT WOULD WEIGHT HEAVILY TOWARD A NEGATIVE RECOMMENDATION BY US. HOWEVER, IN THIS CASE, BECAUSE OF THE INVOLVEMENT OF PRESIDENT FIGUERES' AND THE PLN (AND SINCE THE RISK OF DEFAULT PROBABLY IS NOT RPT NOT GREAT) WE RECOMMEND APPROVAL OF THIS APPLICATION. OBVIOUSLY, THE INFORMATION IN THIS CABLE IS HIGHLY SENSITIVE AND TO THE EXTENT IT IS DISCUSSED WITH FCIA, CAUTION IS ADVISED.
VAKY

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